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Hearing Date: April 14, 2010 at 10:00 a.m.

Attorneys for the Joint Administrators of the
UK Administration Companies

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re

In re LEHMAN BROTHERS HOLDING INC., et al.,
Debtors.

Chapter 11

08-13555 (JMP)

(Jointly Administered)

**LIMITED OBJECTION OF THE UK
ADMINISTRATION COMPANIES TO
DEBTORS' MOTION PURSUANT TO SECTION 105
OF THE BANKRUPTCY CODE, BANKRUPTCY RULE 9014,
AND GENERAL ORDER M-390 AUTHORIZING THE DEBTORS TO
IMPLEMENT CLAIMS HEARING PROCEDURES AND ALTERNATIVE
DISPUTE RESOLUTION PROCEDURES FOR CLAIMS AGAINST DEBTORS**

Lehman Brothers International (Europe) (in administration) ("LBIE"), Lehman
Brothers Limited, Lehman Brothers Holdings PLC, LB UK Re Holdings Limited, Storm
Funding Limited, Mable Commercial Funding Limited, Lehman Brothers Europe Limited,
Lehman Brothers UK Holdings Ltd, LB UK Financing Ltd, LB SF No. 1, Cherry Tree
Mortgages Limited, Lehman Brothers Lease and Financing (No 1) Limited, Zestdew Limited,
Monaco NPL (No. 1) Limited, Lehman Commercial Mortgage Conduit Limited, LB RE

Financing No. 3 Limited, Lehman Brothers (PTG) Limited, Eldon Street Holdings Limited, and LB Holdings Intermediate 2 Limited (each in administration and together with LBIE, the “UK Administration Companies”), acting by and through their Joint Administrators,¹ hereby respond to the Debtors’ Motion Pursuant to Section 105 of the Bankruptcy Code, Bankruptcy Rule 9014, and General Order M-390 Authorizing the Debtors to Implement Claims Hearing Procedures and Alternative Dispute Resolution Procedures for Claims Against Debtors (Docket No. 7581) (the “Procedures Motion”), and in support thereof state as follows:²

LIMITED OBJECTION³

1. The UK Administration Companies do not object to the vast majority of relief Debtors seek in the Procedures Motion. Indeed, the UK Administration Companies hereby object only to the Temporary Litigation Injunction contemplated in the proposed procedures.

2. In paragraph 8 of the proposed procedures, Debtors seek a Temporary Litigation Injunction providing that:

Upon service of an objection, omnibus or otherwise, to a Proof of Claim (or an objection to the Scheduled Claim amount for an LBHI Issued LPS), each Claimant to whom such objection applies (or who filed an objection to the Scheduled Claim amount for an LBHI Issued LPS) shall be enjoined from commencing or continuing any action or proceeding, or engaging in any discovery, in any manner or any place, including this Court, seeking to establish, liquidate, collect on, or otherwise enforce any and all Contested Claims filed by such Claimant other than (i) through the Claims Hearing Procedures and the ADR Procedures or (ii) pursuant to a plan or plans confirmed in the applicable Debtors’ chapter 11 cases

¹ At various dates between September 15, 2008 and January 14, 2009, the UK Administration Companies entered English administration proceedings pursuant to the English Insolvency Act 1986. By orders of the English High Court of Justice, Anthony Victor Lomas, Steven Anthony Pearson, Dan Yoram Schwarzmann, Michael John Andrew Jervis, and Derek Anthony Howell were appointed as the Joint Administrators of the UK Administration Companies.

² Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Procedures Motion.

³ By email dated March 31, 2010, counsel for Debtors extended the deadline for any objection by the UK Administration Companies to the Procedures Motion to today at noon.

(Procedures Motion, Exhibit 1, Exhibit A, ¶ 8.) As written, this provision is exceptionally broad, and may be construed to include actions that should not be subject to an automatic litigation injunction – temporary or otherwise.

3. The international scope and scale as well as the complexity of the issues involved in the various Lehman matters worldwide are unprecedented. Debtors seek in an omnibus procedures motion a blanket automatic injunction upon service of an objection without consideration on a case-by-case basis of all the issues, effects and variables at play among the affiliates and their respective foreign proceedings. Such a blanket injunction should not be permitted to apply to the UK Administration Companies. Instead, any perceived need for a temporary litigation injunction as between Debtors and the UK Administration Companies should be addressed on a case-by-case basis. Certainly it cannot be concluded that the service of an objection to a potentially related claim could or would halt the existing efforts of the UK Administration Companies to effectively resolve their administrations by court application or otherwise, or result in the need for the UK Administration Companies to have to seek clarity from this Court every time they seek to do so in the future.

4. The UK Administration Companies are free and entitled to bring any action or proceeding in furtherance of the resolution of the various UK administrations, and to do so whether by consent, pursuant to relief from the automatic stay, or because the action is not subject to the automatic stay. For example, currently pending before the UK courts are the Client Money Application dated May 1, 2009 (to which LBIE and Lehman Brothers Holdings Inc. are parties, among others) and the RASCALS Application dated July 16, 2009 (to which LBIE and Lehman Brothers Special Financing Inc. are parties, among others). Other such actions or proceedings may be commenced in the future. Such actions or proceedings are or

would be to seek directions regarding and/or to enforce rights of the UK Administration Companies in connection with their administrations in the UK. It is conceivable that these actions or proceedings could have an effect on the claims the UK Administration Companies have filed in these chapter 11 proceedings. The UK Administration Companies seek clarity and confirmation that given the scope of the Temporary Litigation Injunction provision as written, Debtors do not intend, nor will they be authorized to rely on such provision to stay any such action or proceeding to which the UK Administration Companies are a party.

5. The actions the UK Administration Companies are taking or will take sometimes do and may in the future involve US affiliates, including Debtors, among other non-Lehman and/or non-US parties, and are for the purpose of resolving the UK administrations. Debtors should not be permitted to use the service of an objection to a claim in conjunction with the Temporary Litigation Injunction provision as a tool to delay the UK administrations.

6. The UK Administration Companies seek a carve-out to the Temporary Litigation Injunction provision to ensure that the applications and litigations of the nature discussed above are not subject to an automatic injunction upon service of an objection to a potentially related claim. Counsel for the UK Administration Companies and counsel for Debtors have discussed the potential for such a carve-out, but efforts to resolve this issue have been unsuccessful. Accordingly, the UK Administration Companies hereby submit this limited objection and reserve all rights with respect to the relief Debtors seek here.

CONCLUSION

WHEREFORE, for the reasons set forth above, the UK Administration Companies object to the Procedures Motion and respectfully request that they be carved out of

the Temporary Litigation Injunction provision and that this Court grant such other or further relief as is just and proper.

Dated: April 2, 2010
New York, New York

/s/ Martin Flics
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